

Chapter 470

Quarterly IMM SONIA Futures

47000. SCOPE OF CHAPTER

This chapter is limited in application to Quarterly IMM SONIA futures (“futures” or “contract”). In addition to this chapter, futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

Unless otherwise specified, times referenced herein shall indicate Chicago time.

47001. CONTRACT SPECIFICATIONS

Each contract is valued at £2,500 times the contract-grade IMM Index (Rule 47002.C.).

47002. TRADING SPECIFICATIONS

47002.A. Trading Schedule

Contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Exchange.

47002.B. Trading Unit

For a contract for a given delivery month, the unit of trading shall be compounded daily Sterling Overnight Index Average (“SONIA”) interest during the contract Reference Quarter (Rule 47003.A.1.), expressed as an interest rate per annum for which (i) such interest rate shall accrue on the basis of the actual number of days spanned by such contract Reference Quarter, divided by a 365-day year, and (ii) each basis point per annum of such interest rate shall be worth £25 per futures contract. SONIA shall be as published by the Bank of England (“BOE”).

47002.C. Price Basis and Minimum Price Increments

For a contract for a given delivery month, prices shall be quoted and made in terms of the contract IMM Index (“Index”), 100.0000 minus compounded daily SONIA interest during the contract Reference Quarter, as specified in Rule 47002.B.

Example: Where the value of such compounded daily SONIA is 2.055 percent per annum, it shall be quoted as an Index value of 97.9450.

The minimum price fluctuation shall be 0.005 Index points, equal to £12.50 per contract, *provided that* the minimum price fluctuation shall be 0.0025 Index points, equal to £6.25 per contract, for any contract with four months or less until its termination of trading (Rule 47002.G.), where the applicable four-month interval shall be defined so as to begin on, and to include, either (i) the Monday before the third Wednesday of the fourth month preceding the month in which trading in such contract terminates, if such Monday is a Business Day, or (ii) the Business Day next following such Monday, if such Monday is not a Business Day.

47002.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

47002.E. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

47002.F. [Reserved]

47002.G. Termination of Trading

Trading in an expiring contract shall terminate at 9:00 a.m. London time on the third Wednesday of the contract delivery month.

47002.H. [Reserved]

47003. SETTLEMENT PROCEDURES

Delivery shall be by cash settlement.

47003.A. Final Settlement Price

1. Definition of Reference Quarter

For a contract for a given delivery month, the Reference Quarter shall be the interval that ends on (and does not include) the third Wednesday of the contract delivery month, and that begins on (and includes) the third Wednesday of the third calendar month preceding the contract delivery month.

Example: For a hypothetical contract for which the delivery month is March 2022, the contract Reference Quarter shall start on (and shall include) the third Wednesday of December 2021 (December 15, 2021) and shall end on (and shall not include) the third Wednesday of March 2022 (March 16, 2022).

2. Definition of Final Settlement Price

For a contract for a given delivery month, the Final Settlement Price shall be 100 minus compounded daily SONIA during the contract Reference Quarter ("R"), as follows:

$$\text{Final Settlement Price} = 100 \text{ minus } R$$

where

$$R = [\prod_{i=1..n} \{1+(d_i/365)*(r_i/100)\} - 1] \times (365/D) \times 100$$

n = the number of weekdays that are not UK bank holidays ("UK banking days") during such Reference Quarter.

i is the running variable that indexes each UK banking day in such Reference Quarter, such that i takes the values $i = 1, 2, \dots, (n-1), n$.

$\prod_{i=1..n}$ denotes the product of the values indexed by the running variable, $i = 1, 2, \dots, n$.

r_i = the SONIA value corresponding to UK banking day i , expressed as an interest rate annum.

Example: If SONIA for UK banking day i is two and one quarter percent per annum, then $r_i = 2.25$.

d_i = the number of calendar days to which r_i applies. For any calendar day that is not a UK banking day (eg, weekend days, UK bank holidays), the applicable value shall be SONIA for the first preceding UK banking day.

Examples: If the i^{th} day is a Monday, a Tuesday, a Wednesday, or a Thursday, and if the next following calendar day is a UK banking day, then $d_i = 1$. If the i^{th} day is a Friday, and if the next following Monday is a UK banking day, then $d_i = 3$.

D = the number of calendar days in the Reference Quarter: $D = \sum_{i=1..n} d_i$.

3. Computational Conventions

The final settlement price for an expiring contract shall be calculated by the Exchange on the day on which the BOE publishes the SONIA value for the last day of such contract's Reference Quarter (Rule 47003.A.1.). Customarily, though not always, such publication will occur on the third Wednesday of such contract's delivery month.

The SONIA value for the last day of such expiring contract's Reference Quarter shall be as first published by the BOE.

The value of R determined pursuant to Rule 47003.A.2. shall be rounded to the nearest 1/10,000th of one percent per annum, *ie*, the nearest 1/100th of one interest rate basis point per annum, or 0.0001 Index points. A tie value, *ie*, any such value ending in 0.00005, shall be rounded up.

Example: A value of 3.14155 percent per annum would be rounded up to 3.1416 percent per annum, and then subtracted from 100.000 to determine a contract final settlement price of 96.8584 Index points.

47003.B. Final Settlement

Clearing members holding open positions in a contract at the time of termination of trading in such contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price.

(End Chapter 470)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 470

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